Acquisition of stakes in American Fertilizer companies by KRIBHCO

267. SHRI MD. SALIM:†
SHRI DIPANKAR MUKHERJEE:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Krishak Bharati Cooperative Limited (KRIBHCO) has been trying to acquire stakes in two American DAP Fertilizer companies;

(b) if so, the approximate price of acquisition during the negotiation stage; whether it exceeds 100 million dollars as reported in the 'Financial Express' dated the 10th March, 1995;

(c) the revival cost of Haldia Division of Hindustan Fertilizer Corporation where production and infrastructural facilities exist far both phosphatic and nitrogenous fertilizers and whether Purohit Committee evaluated the same to be only Rupees 700 crores;

(d) if so, the reasons for not making any efforts to revitalies Haldia Division through KRIBHCO, which has a reserve of Rupees 1,200 crores; and

(e) whether KRIBHCO is paying a tax of Rupees 100 crores because it cannot find productive avenues for its idle resources; if so, the reasons for not utilizing a part of the same for revival of sick public sector fertilizer units?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) and (b) Government has approved KRIBHCO's proposal for initiating the 'Due Diligence process' (Preparation of the Detailed Feasibility Report) for-acquiring equity stakes in prosphatic fertilizer plant(s) in USA/Russia. One plant in USA and two plants in Russia have been shortlisted for this exercise.

The requirement of funds for acquiring a stake in any of the above plants will be known only after the report of the 'Due Diligence Process' is received.

(c) to (e) Based on an examination, carried out by the Department of Fertilizers, revival of Haldia fertilizer project of Hindustan Fertilizer Coorporation Ltd. (HFC) would require setting up of a new naphtha based 900 tpd ammonia and 1500 tpd urea plant at an estimated cost of Rs. 910.67 crores by using the existing infrastructural facilities. Since the two sick public sector fertilizer companies, namely, HFC and FCI, stand referred to the BIFR, which is a quasi-judictal authority, further action for the revival etc. of these companies or their units would depend upon the outcome of the proceedings pending before the BIFR.

KRIBHCO's reserves as on 31.3.1994 stood at Rs. 565.34 crores. It has paid Rs. 93 crores as advance tax during 1994-95. To use its resources gainfully, KRIBHCO is also exploring the possibility of setting up gas based ammonia-urea plants in Oman and Iran, besides a nitrophosphate plant in Hazira (Gujarat).

SHRI MD. SALIM: Mr. Chairman, Sir, if T may refer to the replies given by the hon. Minister to parts (a), (b), and (c) of my question, the Minister has stated that KRIBHCO is going to invest in the United States of America and Russia, and that even they are planning to explore the possibilities of having gas-based ammonia-urea plants in Oman and Iran. Sir. for the last several years, we have been hearing from the Ministers of various Departments that we are going through a serious resource crunch. .Whenever we ask for something, they say that they cannot invest because they do not have the money. And now we are proud to see that KRIBHCO is having a reserve fund of about Rs. 565.34 crores. They could not explore how to invest that, they could not find any avenue to gainfully employ that amount, and now

*The Question was a actually asked in the floor of the House be Shri MD. Salim.

they are going abroad to invest, whereas we are having in our country sick public sector fertilizers units. And they are dying because we cannot modernise them, we cannot improve them, we cannot implement the rivival project since We do not have sufficient money. So, my first supplementary to the hon. Minister is; Since when are such reserve lying idle with the KRIBHCO? The hon. Minister has mentioned, sir, that the KRIBHCO has given Rs. 93 crores as advance tax because they could not invest the money. I would like to ask the hon. Minister as to what the comulative amount of tax paid by the KRIBHCO is? Since when are they paying this because this fund is lying with them idle?

SHRI EDUARDO FALEIRO: Sir, I am sure the House would like to congratulate the KRIBHCO and such other public sector undertakings which are making a profit. It is not often that the public sector or for that matter many other companies make a profit. They are making a profit. They are making a profit because they are running above 100 per cent of their capacity. So, it is full efficiency and full utilisation and, therefore, these profits are made. That is one side of the question, Sir, which I wented to reply. The other aspect is that these fertilizer companies are in the fertilizer business. They will put their resources where they are productive, and more so, when it comes to the public sector. The fertilizer companies know the big gap which exists today between the requirement of fertilizers and their production and imports. That is the situation now in the world today. Instability of fertilizer prices and the growing fertilizer prices are affecting our farmers over last few years. This situation should he tackled.

Therefore, Sir, since the raw materials are not available in this country, since it 's necessary to break this imbalance between the use of phosphatic and intro-genous fertilizers, the only solution is to go and find where the raw materials are available, where they are available cheap and where there are captilve mines. Therefore, we are exploring the possibility of joint ventures across the globe, not only in the United States of America and Russia, but also in the Middle-East, in Oman and Iran. Now, in the USA if they want to close their plants, if there are resources, if there are captive mines, or if there are captive mines in Russia, then by producing the phosphatic fertilizers we can control it in such a manner that we can break this cartel-of fertilizer producers.

Therefore, we are exploring this possi bility. Now, he is asking as to why we are not riviving the sick industries. Sir, we have all the sympathy on the question of reviving the sick industries. But, at the same time, we are in the business of using our capital in a pro ductive manner. Therefore, if the capital can be used in a productive man ner, wherever he says, surely, we will be willing, but I have my doubts.

MR. CHAIRMAN: Second supplementary, please.

SHRI MD. SALIM: Sir, he has not answered that point. *(Interruptions)*-know since when this money has been lying because we do not find a way for its productive investment.

MR. CHAIRMAN: The Minister has answered that point. *(Interruptions).* He Has answered that. Please ask your second supplementary now.

SHRI MD. SALIM: Sir, the Minister has not answered the second part of my question. The question is; Since when this money is lynig with them? I am asking this question because the Minister says he is in business. When he is talking of being in business, he should also tell us from when this Reserve Fund is lying idle. What is the accumluated amount which is paid as advance tax because of not using this Reserve Fund?

SHRI EDUARDO FALEIRO: Sir, it is not a question of using it or not using it. When we pay tax, the money goes to the Government, the money goes to the people of this country. It is not wasted. It is much belter than using it in any unproductive task.

The hon. Member wants to know the tax paid by KRIBHCO. *In* 1991-92, we contributed Rs. 60 crores to the Exchequer by way of tax. la 1992-93, we contributed Rs. 82.20 crores to the Exchequer. In 1993-94, apart from running ;he plant at more than cent per cent capacity, we contributed Rs. 72 crores to the Exchequer. The total amount of tax paid is Rs, 214 crores.

MR. CHAIRMAN: Second supplementary, please.

श्री मोहम्मद सलीम : मंत्री जी को धन्यवाद कि उन्होंने बताया कि वह रुपए इस्तेमाल नहीं करते हैं लेकिन एक्सचैकर में ही वह पैसा डाल रहे हैं । मेरा सवाल यह था ओरिजनल प्रश्न में (व्यवधान)

MR. CHAIRMAN: Don't blame it is making profit. *(Interruptions)* Why do you blame? You ask the question.

SHRI MD. SALIM: Sir, I am proud in regard to the money that has been generated. But my question is different. Why is this money kept idle? Why are we not using this accumulated amount in the Fund, particularly, when he says he is in business? I do appreciate his sense of business.

सर, मेरा सवाल यह था कि रुपये हमारे पास हैं नहीं और इसलिए हम इन्वेस्ट नहीं कर पा रहे हैं और दूसरी तरफ रिवाइव नहीं कर पा रहे हैं कि यूनिट्स को। मैं यह नहीं कह रहा हूं कि आप अपने पैसे को डाल दो ऐसे ही ।

Is the translation not available?

SHRI EDUARDO FALEIRO: No.

SHRI MD. SALIM: My question is different. The revival cost of the various projects is increasing because of inflation; there is cost escalation. This unit at Haldta, and other units elsewhere under the Hindustan Fertiliser Corpora-toin or under the Fertiliser Corporation of India are being rendered sick not because of the fault of the employees. It was the fault of your Department. ft was the fault of your Ministry, They had taken up wrong projects. They bought wrong plant and machinery. The point is, Sir, we have the infrastructure. He is talking about raw materials. We are having gas, abundant gas, in the North-East and East. But, nowadays, Oman has become a very lucrative pro-position. Everyday is going to Oman. I do not know....

MR. CHAIRMAN: Mr. Salim, please come to your question.

SHRI AJIT P. K. JOGI: Sir, what has this question to do with Oman?

SHRI MD. SALIM: Sir, the hon. Minister says that this is because the raw material is available in the U.S.A. and the Middle-East. My point is, the hon. Minister has not given the reasons as to why they are not using the money lying with them in a gainful, produc-tive, manner. He has not given the reasons for this. He is talking about paying tax, but this is because you are not using this Fund.

MR. CHAIRMAN: Please ask your question, Mr. Salim. Obviously, it must be earning some interest, at least. Now, please ask your question.

SHRI MD. SALIM: Sir, in answer to parts (c) to (e) of my question, the Hon. Minister has said that these cases have been referred to the B.I.F.R. He has taken cover under this. He has said that the revival project of the Haldia unit is lying with the B.I.F.R. and that, therefore, the Ministry cannot do anything. But we are serious...

MR. CHAIRMAN: Mr. Salim, you must conclude now.

SHRI MD. SALIM: I would like to know whether the Ministry would take it up. I would like to know whether *the* Minister would assure us that he would take it up with the B.T.F.R. so that the revival scheme in respect of the Haldia unit is expedited. I would also like to know whether the Minister would give an assurance that after it is

finalised by the B.I.F.R.. the Ministry would not come back with the argument that they do not have any surplus funds to invest in the Haldia Project. Therefore, would he ask the KRIBHCO to wait till the B.I.F.R. finalises the revival scheme and once it is finalised, whether he would give an assurance that this amount would be used to revive the project?

MR CHAIRMAN: All right, at least there is some question in all that he said

SHRI EDUARDO FALEIRO: Sir, we will give the utmost consideration to the suggestion of the hon. Member and we will try to implement it. May I make it clear to the hon. Member and to the House that it is not as if—the hon. Member appeared to be suggesting, I am sure, not deliberately—we have something against Haldia? The position is like this: This project is an example of how planning should not be done, We bought matertal from different parts of the world because there were some grants and some credit line. This is a project worth hundreds of crores of rupees. It was commissioned somewhere in the 70s but it never functioned for a single day. Now there are hundreds, it not thousands, of employees who are there and not doing any work. To the question as to who is responsible, surely it is not the employees. I admit it was due to wrong planning. We have tried to fix responsibility, but it is rather late in the day because almost all the people who were involved in that had retired and no records are available. But there is no question of blaming the employees. It is a question of seeing that casual planning or just broad planning is not done but detailed planning and detailed feasibility studies are done.

MR. CHAIRMAN: Mr. Dipankar Mukherjee. . . Not here.

SHRI JIBON ROY: Sir...

MR. CHAIRMAN. No, no. Shri Janeshvsara Misra.

श्री जनेश्वर मिश्र : सभापति जी, यह हल्दिया उर्वरक कारखाने के बारे में सलीम साहब ने पूछा था, केवल हल्दिया ही नहीं गोरखपुर का भी फर्टिलाईजर प्लांट कई साल से बन्द है। मैं जानबूझकर यह पूछना चाहता हूं कि कूभको के लोग जितना आमदनी करते हैं सौ सैकड़ा से ऊपर उत्पादन करके, यह जो बीमार कारखाने हैं इन कारखानों के कर्मचारियों को बिठाल करके तनख्वाह दी जाती है और उसकी मशीनरी पर रखरखाव का खर्चा होता है । क्या कूभको जितना मुनाफा कमाता है देश में और देश की सरहद से बाहर जाकर के तो उस मुनाफे के बराबर जो खर्च किया जाता है वह ज्यादा है या कम है । क्या उस बे-मतलब के खर्चे को रोकने के लिए यह जो बीमार कारखाने हैं इनके मौडर्नाइजेशन और रिनोवेशन के लिए कोई प्रयास किया जाएगा या कोई जांच की जाएगी या कोई कमेटी बठाएंगे या यह इस तरह से बीमार रहेंगे और बिठाल करके मुफ्त में ऐसे ही कर्मचारियों को तनख्वाह दी जाएगी ?

SHRI EDUARDO FALEIRO: Sir, I am sure the hon. Member and the House v, ill agree that national resources must be used in the must productive and effective manner, and at least I am concerned with that within the fertilizer industry, therefore, these discussions are going on and attempts are being made, keeping in mind the use of national resources in the most productive and effective manner and. secondly. to see that the employees and their families are also taken care of in a human manner.

श्री जगदीश प्रसाद माथुर : अभी मंत्री महोदय ने हल्दिया का जिक्र किया है। मेरी जानकारी है कि हल्दिया के कारखाने में डिफेंट टाईप मशीन मंगाई गई थी । वह काम नहीं कर रही हैं । तो मैं यह पूछना चाहूंगा कि हम लोगों का अंदाज यह है कि रिवाईव नहीं हो सकेगा । यदि यह रिवाईव नहीं होता और जैसा लगता है जो बहुत ही जानकारियां मिली हैं, वह रिवाईव होने की स्थिति में नहीं है ।

आपने खुद ही कहा है कि वहां मशीन ऐसी हैं । यानी वन परसेंट अगर बी आई. एफ. आर. रिकमंड कर दें तो कितना समय लगेगा और मेरी चिंता यह है कि अगर कारखाने बन्द होने की स्थिति आती है साल-डेढ साल में, तो मजदूरों के बारे में आपकी नीति क्या होगी ?

SHRI EDUARDO FALEIRO: Sir, as the hon. Member has rightly pointed put, this is not a question of a minor exercise. The whole plant has to be' revived substantially and it is not a question of some adjustments here and there. Therefore, we have to look, at it in this perspective and we have to go by what :.he BIFR says, by what the technical people say. As I have said,, the general approach of this Government is to take care of the employees, and it will be followed in this specific 'case also.

SHRI SANJAY DALMIA: Sir, I want to know, whether the . proposed investment by the KRIBHCO outside India will be in the form of joint ventures with some local company and whether, in that joint venture, the KRIBHCO will have a majority share or minority share! *or* equal share, number one.

Secondly, will the cost of fertilizer which is going to be produced there, be more than that of fertilizer being produced in India, or will it be cheaper to produce it there and bring it to India as compared to producing it in India?

SHRI EDUARDO FALEIRO: Sir, the question of producing in India, to begin with, does not arise because we do' not have the raw material, namely, phos phate, at all which is necessary. But, the whole approach is to have cheaper pro duction outside. It is not to have an alternative but to have cheaper produc tion and stability in price over a period of time.

Whether we will have a major share or a minor share, depends upon the commercial judgement, and under whose management it should be, depends upon the laws of that country and on the economic situation of that country, whether it is better that we should manage it, whether India should be in the forefront rather than being in the background and getting profits, depending on the joint venture. These are considerations of a commercial nature.

SHRI GURUDAS DAS GUPTA: Sir, it is good that the Minister says that it is late in the day. It is good. The point is that it is better late than never.

The question is that the factory was set up by the Government of India in 1971. Not an ounce of fertilizer was produced. It took 24 years for the Government and the Ministry to understand that it had not to be revamped but that it had to be dismantled and that a new factory had to be set up. There was no production from day one, and the Government; after 24 years, says that it is being sent to the BIFR.

My question is: will the Minister admit that there has been a colossal failure on, the part of his Ministry? If there has been a colossal failure, somebody has to own the responsibility, and he should be hauled up for this. This is part (a) of my supplementary.

Part (b) of my supplementary is this. He is going to Oman to find profit. It is good. Let him go anywhere in the world to find profit. But, is he aware that this particular public sector undertaking was investing its surplus funds in the stock market speculation to find profit? If he is aware of it, does he believe that it is a productive investment?

SHRI EDUARDO FALEIRO: Sir, the question of admitting or assuming the responsbility by this Ministry for this situation in Haldia does not arise.

SHRI GURUDAS DAS GUPTA: Sir, the Government has a continuing responsibility. It is not a question of this Ministry or that Ministry... *(Interrup tion)*

SHRI EDUARDO FALEIRO: This Ministry was not existing at that point of time. May I say this?

SHRI GURUDAS DAS GUPTA: The Government of India has to be held responsible for this.

SHRI EDUARDO FALEIRO: May I say, Sir, that we tried to find it out. This was done by this Ministry over the last over one year or two years or so to find out who was really responsible for this because I agree with the Member that these things cannot be allowed to pass, that things are done in this manner and that nobody is responsible. There must be some sort of accountability. Therefore, that is precisely what we thought we should do, to try to find it out, but, then, it is long past, the people are no more there, and even records do not exist. in that form. So, that is the position. Therefore, it is in this light that we look at things. There must be accountability, but there must also be a possibility of fixing responsibility. In this case, because of the great lapse of time, this was apparently not possible.

SHRI GURUDAS DAS GUPTA: The second part of my supplementary is whether he is aware that the fund was being invested in the stock market.

.MR. CHAIRMAN: Have you any information?

SHRI EDUARDO FALEIRO: I do not have the specific information at the present time, but, the money hag to be utilised in whatever manner it_is pro fitable. . . *(Interruptions)*

Prices of Doxycycline Caps.

*268. SHRI RAJNI RANJAN SAHU: Will the Minister of CHEMICALS AND' FERTILIZERS be pleased to state:

(a) whether ft is a fact that leader prices of Doxycycline Caps, were revised on 10th May, 1994;

(b) whether it is a fact that major formulators like Pfizer, U.S. Vitamins and others have failed to implement the prices;

(c) whether it is also a fact that they were not following the leader prices as notified earlier;

(d) what is the exact position and since when the DPCO is being violated;

(c) whether it is a fact that instead of taking action against the concerned companies Government has been shielding the producers; and

(f) the grounds on which they have been overcharging the prices and the sanctity of Government price control?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (f) A Statement is laid on the Table of the House.

Statement

(a): Yes, Sir.

(b) to (d) and (f) The position is being ascertained and the required infor-(a) to (f) A Statement is laid on the Table of the House.

(e) No, Sir.

SHRI RAJNI RANJAN SAHU: This question is regarding overcharging on the fixed price by the Government. I want to know from the hon. Minister whether the DPCO of September, 1993 is being adhered to to check the price or not and whether he has set up any agency or not.

SHRI EDUARDO FALEIRO: Yes Sir. In view of the complaints and the nature of the Question, I have instructed the Department to find out about the viola tions. I will inform the Member about the findings.

THE CHAIRMAN; The Question Hour is over.